Du Pont of Canada Limited

Annual Report 1969

DU PONT
CANADA

Du Pont People

Du Pont of Canada Limited Annual Report 1969

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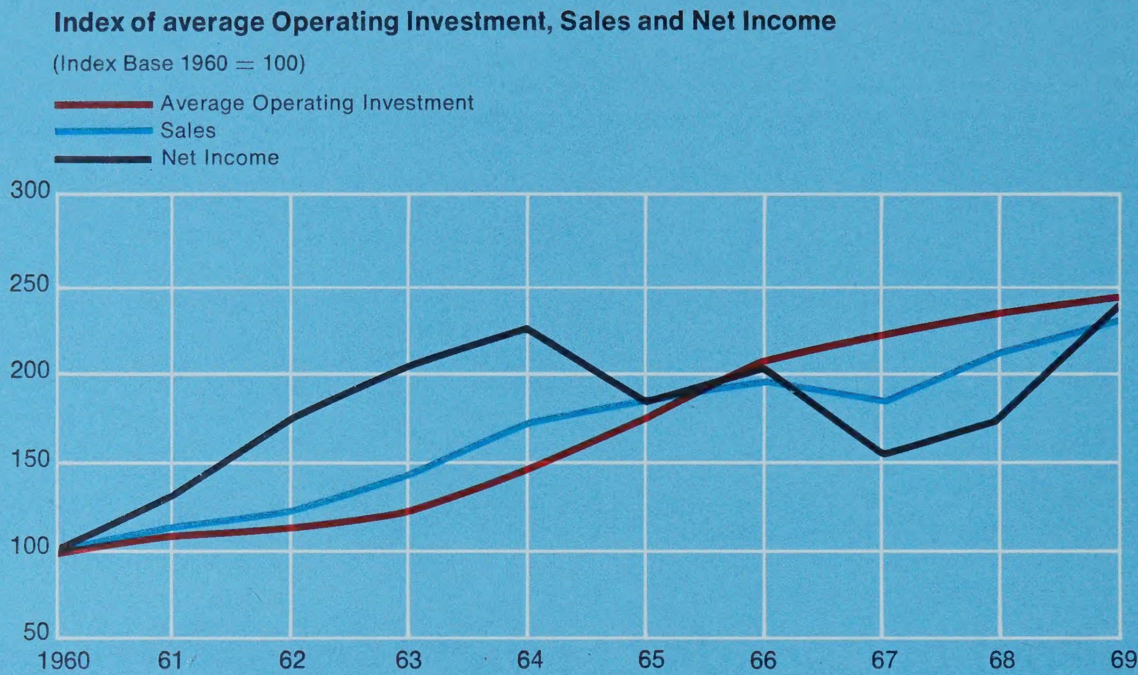
Transfer Agent, Registrar and
Dividend Disbursing Agent

Montreal Trust Company
Montreal, Toronto, Calgary and Vancouver

Nous serons heureux de vous envoyer, sur demande, l'édition française de ce rapport.

Financial Results in Brief



	1969	1968	
Results a common share:			
Earnings before extraordinary items	$1.70	$1.57	
Total earnings	2.05	1.51	
Dividends	1.00	1.00	
	Dollars in thousands		% Change
Sales	$228,282	$207,721	+ 10
Provision for depreciation and amortization	15,636	15,335	+ 2
Taxes on income	13,044	11,602	+ 12
Income before extraordinary items	13,538	12,553	+ 8
Net income	16,323	12,062	+ 35
Construction expenditures	16,216	11,967	+ 36
Average operating investment	321,279	307,869	+ 4
Return on average operating investment	5.3%	4.1%	

To the Shareholders of Du Pont of Canada

The year 1969 was one of mixed economic activity in Canada with a continuation in the first half of the economic expansion that prevailed during 1968. However, this expansion was accompanied by an unacceptable rate of inflation and the federal government introduced stringent monetary policies which severely restricted the growth of the money supply and caused interest rates to reach all time high levels. The result was a general economic slowdown during the second half of the year.

Du Pont of Canada's results in 1969 paralleled those of the general economy, with excellent growth during the first half followed by much slower growth during the latter half.

Sales and Earnings

Sales revenue attained a new high in 1969 at $228,282,000, a gain of 10% over last year. Several products generated above average growth throughout the year, namely, CELLOPHANE cellulose film, petroleum chemicals, carpet yarns and exports of polyethylene resins.

Net income from normal operations of $13,538,000 or $1.70 a common share was 8% higher than 1968. Total net income for 1969 was $16,323,000 and included a net gain of $2,785,000 from the sale of assets of Augusta Natural Gas Limited, a wholly-owned subsidiary.

Environmental Control

In the past few years, public concern over air and water pollution has grown rapidly and has resulted in intensive environmental studies by governments, industries and community groups across Canada. The Company shares the public's growing concern for the maintenance of a viable environment in which all may live, grow and prosper and since 1954 has spent more than $9,000,000 on pollution control equipment. To strengthen Du Pont's performance on pollution abatement, an Environmental Control Committee under the chairmanship of a Vice-President has been formed to cooperate with government authorities and provide leadership in coordinating the activities at all Company locations.

Du Pont People

The improved operating results and the outstanding safety record this year came from the combined efforts of the thousands of capable men and women who work for Du Pont of Canada, and the Board wishes to express its appreciation for their contributions.

At a meeting of the Board of Directors following the Annual Meeting in April 1969, Edgar H. Bleckwell was elected President and Chief Executive Officer. He succeeded Herbert H. Lank who retired as Chairman of the Board after 44 years' service and Robert G. Beck who retired as President after 38 years' service. In announcing their retirements, the Board of Directors paid tribute to the outstanding contributions they made to the overall success of the Company during an unprecedented period of expansion and diversification. The Company is fortunate to retain their services as members of the Board of Directors.

At the same meeting, H. J. Hemens, K. M. Place and C. C. Young were appointed Vice-Presidents and together with Vice-Presidents F. S. Capon, H. F. Hoerig and F. S. McCarthy and the new President, form the new corporate management of Du Pont of Canada.

Outlook

Although the business environment in 1970 will contain many of the same impediments to growth experienced in 1969, the economy should still advance by about 3½% in real terms. The chemical industry will continue to operate below its potential and imports are expected to grow faster than domestic production.

Against this background, Du Pont of Canada looks for a moderate increase in sales revenue during 1970. However, growth in earnings is not likely to keep pace with sales, mainly because of inflationary cost pressures and a continuing downward trend in selling prices.

The Canadian economy is exposed to world competition and the domestic prices of chemical and fibre products must meet this competition. During the past ten years, the prices of Du Pont products have declined by 17% while costs of materials, wages and services have increased substantially. Profits have been maintained by vigorously expanding our markets on a world basis and by applying improved technology to our operations. However, our efforts will have a diminishing effect if the rate of inflation experienced during 1968 and 1969 is not slowed.

E. H. Bleckwell

E. H. Bleckwell
President

24th March 1970

Board of Directors

Robert G. Beck
Executive

Edgar H. Bleckwell
President
Du Pont of Canada Limited

Joseph M. Breen
Executive

Frank S. Capon
Vice-President
Du Pont of Canada Limited

David S. Holbrook
Chairman and President
The Algoma Steel Corporation, Limited

William C. Kay
General Manager
Organic Chemicals Department
E.I. du Pont de Nemours & Company

Herbert H. Lank
Executive

R. Russell Pippin
Vice-President and Director
E.I. du Pont de Nemours & Company

Benjamin F. Schlimme
General Manager
International Department
E.I. du Pont de Nemours & Company

Lester S. Sinness
Vice-President and Director
E.I. du Pont de Nemours & Company

Officers

Edgar H. Bleckwell
President and
Chief Executive Officer

Frank S. Capon
Vice-President
Corporate Planning

Henry J. Hemens
Vice-President
Secretary

Herman F. Hoerig
Vice-President
Research and Development

Franklin S. McCarthy
Vice-President
Operations

Kenneth M. Place
Vice-President
Treasurer

Colin C. Young
Vice-President
Employee and Public Relations

Thomas S. Morse
Assistant Treasurer

Kenneth H. Scott
Assistant Treasurer

Left to right: R. G. Beck, W. C. Kay, L. S. Sinness, J. M. Breen, H. H. Lank, E. H. Bleckwell, R. R. Pippin, D. S. Holbrook, F. S. Capon, B. F. Schlimme

Management and Corporate Structure

E. H. Bleckwell

For a decade from the 1954 corporate reorganization, Du Pont of Canada experienced rapid growth in sales and earnings. The product line was expanded from two manufactured products — nylon fibre and CELLOPHANE cellulose film — into a diversified line of chemically-based products. However, the results during 1965 to 1967 indicated that some restructuring would be needed to achieve further advances.

The growing complexity of the economy and business competition requires an increasing emphasis on planning for the future and on faster decision-making in the present. A management structure was developed to strengthen our ability to expand our present product lines and also to give increased impetus for entering entirely new areas of business. The Company was reorganized into six departments — Accounting and Finance, Corporate Planning, Employee and Public Relations, Operating, Research and Development, and Secretarial and Legal. The basic purpose of the reorganization as described by the President *"is to unleash the initiative, imagination, skills and drive of every man and woman in Du Pont of Canada".*

The Operating Department markets and manufactures all Company products and its organization is profit-oriented with divisions

H. F. Hoerig

F. S. McCarthy

F. S. Capon

H. J. Hemens

closely corresponding to the markets which they serve. This profit centre concept permits the authority and responsibility for decision-making to be moved further down the line, thus shortening the lines of command, authority and communication and allows for an early start in training business managers. Top management is thereby freed from most of the day-to-day routine and is able to devote more time and effort to planning and developing future growth opportunities.

The challenge for the Company as a whole is to couple its future business goals with the changing needs of society and the changing opportunities in the Canadian and world economies. To meet this challenge requires combining the technical knowledge of research and development with a comprehensive understanding of the forces affecting both the social and economic environments. The development of a continuing insight into the latter areas is a major responsibility of the Corporate Planning Department, who work closely with both Research and Development and the Operating Department to ensure the Company best utilizes its total resources.

The Company's research and development programs traditionally have been weighted toward support of its existing businesses to maintain process and product leadership. While such support must remain undiminished, an increasing proportion of future research funds will be expended to develop technology for new venture opportunities.

C. C. Young

K. M. Place

Employees

The new corporate structure was developed to enhance the total effectiveness of employees by increasing their opportunities to contribute to the achievement of corporate goals, but as corporate objectives are achieved, employees, as individuals, must also have optimum opportunity to learn and grow. Throughout the Company development programs are planned by the employee and his supervisor and may include formal education courses, in-Company training, outside seminars, new work experience, or a combination of these reflecting both the interests and aspirations of the employee and the needs of the Company.

Opportunity for growth is aided also by the Company's expanded plan of direct financial support for the employee's self-development, including reimbursement of tuition fees for work-related courses completed on the employee's own initiative and time.

The Company maintains a comprehensive employee benefit program which is subject to continuing review to ensure its adequacy in meeting employee needs and to maintain its relative position with respect to benefits provided by other major industrial employers. During the year, the Disability Wage Plan was amended to eliminate the waiting period for employees admitted to hospital and a new Extended Disability Income Plan was introduced to assist totally disabled employees. To help cover the rising cost of medical expenses, the Company's contribution to the Health Insurance Plans was increased.

At the end of the year $35,318,000 was held by an independent trustee to pay future pensions under that part of the Pension Plan financed solely by the Company. In addition, the employees have the opportunity to participate in the Supplementary Retirement Income Plan to increase their pensions.

Employees who, through their outstanding ability, initiative and efficiency, have made significant contributions toward the Company's success are recognized and rewarded by means of the Bonus Plan. Awards are determined by a committee of Directors who are not eligible for participation under the plan and for 1969 awards were made to 277 employees, including those officers who are also Directors.

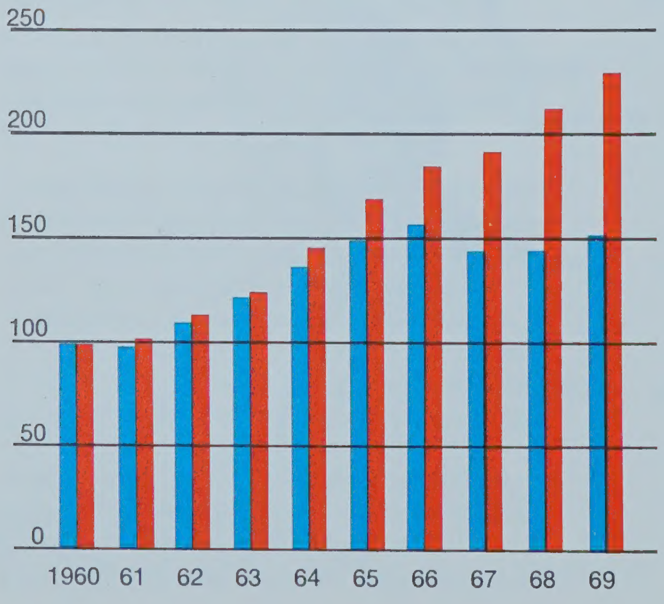
The Company strives to achieve safe working conditions and maintains a continuous program of education in safe working habits. The ultimate goal of this program is that no employee should have an accident that results in injury.

Employees and Remuneration

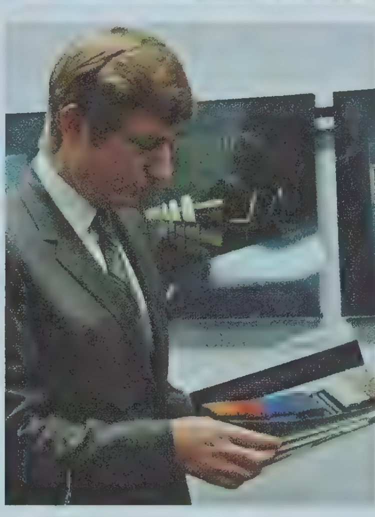
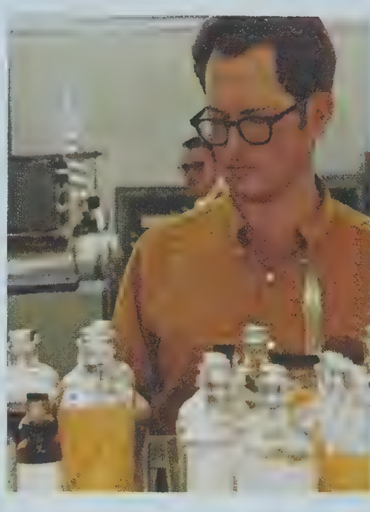
(Index Base 1960 = 100)

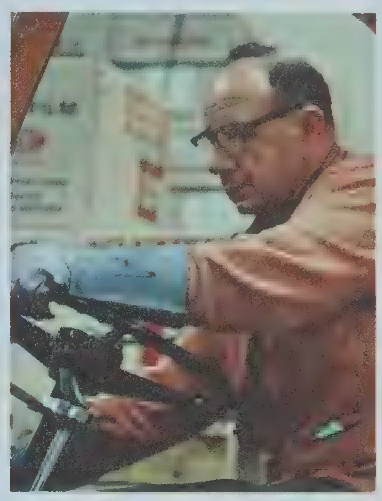
Number of Employees

Remuneration and Benefits






That the goal of working for long periods without injury is realistic has been demonstrated by many groups of employees within the Company. For example, 170 employees at the Sarnia plant have worked for over ten years since start-up, without a single lost-time injury and at year end the Shawinigan plant had accumulated 5½ million injury-free man hours.

The Company's safety performance during 1969 was very gratifying and the best ever achieved in the Company's history. Over 13 million man hours were worked with only three lost-time injuries. This frequency rate of 0.23 injuries per million hours compares with the North American rate of 7.35 for all industries and 3.74 for the Chemical industry.

Review of Operations

FIBRES GROUP

The Fibres Group, one of four groups within the Operating Department, markets the Company's fibres products on an end-use basis.

Overall results of the Group for 1969 were disappointing because of lower selling prices needed to meet competition from low wage areas abroad combined with domestic inflationary cost trends.

In textiles, the rapid growth in demand for stretch hosiery yarns exceeded the domestic texturing capacity and imports for fine denier leg yarns were substantial. This situation is being corrected and a major share of business will be regained by early 1970. In knitwear markets, imports of textured yarns were also large thus forcing average selling prices down and further reducing sales revenue. Significant gains were made in sales of nylon for weaving taffeta fabrics and in the use of ORLON acrylic fibre for the apparel market, particularly in pile fabrics.

Sales of industrial yarns for automotive seat belts, snowmobile belting and for export showed excellent improvement. Growth in the tire yarn market was restricted due to labour unrest in the industry and competition from other fibres.

Shipments of bulked continuous filament nylon carpet yarn and nylon carpet staple continued to expand rapidly in 1969, spurred by the introduction of new products specially engineered to meet the needs of specific segments of the market and providing broader styling possibilities. The volume of carpet yarns sold in 1969 was 25% above 1968, although the revenue gain was restricted somewhat by lower average selling prices.

The total carpet market continues to grow at a rate in excess of 15% a year and nylon's penetration of this market continues to expand as a result of superior value-in-use in a broad range of constructions and styles for residential, commercial and automotive uses.

J. H. Childs

R. J. Richardson

CHEMICALS GROUP

The Chemicals Group is responsible for marketing industrial explosives, finishes, industrial chemicals, nylon intermediates and nylon polymer.

The Company maintained its position as a leading manufacturer of both nitro-glycerin type and water-gel explosives and completed a satisfactory first year of operation in the explosives markets of Western Canada. Innovations in bulk-delivery systems developed by the Company assisted the Canadian mining and construction industries to increase their efficiencies.

During 1969, improved customer service and greater market penetration brought about an improved position in sales of finishes to the automotive industry, both in original equipment and in the after market.

Petroleum chemicals sales experienced uninterrupted growth as customers' refineries operated at near maximum levels to meet the Canadian demand for gasoline. Despite unsettled conditions in several markets, FREON fluorocarbon product sales maintained their position. Modest gains were achieved by hydrogen peroxide in the face of increased foreign competition and potential new applications in the paper industry offer opportunities for the future.

Shipments of nylon intermediates and polymer increased over 1968 as a result of greater demand in both domestic and export markets.

Because continued growth is foreseen, expansion of nylon intermediates manufacturing facilities is underway to meet 1971 requirements.

B. M. MacGregor

PLASTICS AND FILMS GROUP

This group increased its sales of all plastic and film products during the year. Prices of most major products continued to decline but at a slower rate than in previous years.

Sales of SCLAIR polyolefin resins and pipe showed substantial improvement over last year in both domestic and export markets, though production was restricted because of a raw material shortage.

A unique SCLAIR polyolefin film was successfully introduced into the milk packaging market and 50 major dairies in Eastern Canada are now using the Company's PITCHER-PAK liquid packaging system.

Production of FABRENE polyolefin material began mid-way through 1969 in the new plant at North Bay, Ontario. Following start-up problems, the plant is operating smoothly with volume increasing each month. Significant new end uses have been developed in various industries for protective wrapping and coverings and for many bagging uses.

Following a decline in 1968, the domestic market for CELLOPHANE cellulose film strengthened. New market opportunities have been found for the product by combining its properties with other films in the form of laminations and this trend is expected to show continued growth. Export sales of cellulose film benefitted from a strong world demand. The high level of sales enabled the Shawinigan plant to operate at full capacity throughout the year.

W. S. Bears

MANUFACTURING GROUP

This Group operates and maintains the manufacturing facilities of the Company and is responsible for engineering design and construction of new facilities.

This Group, comprising the largest portion of the Company's personnel, naturally has a prime concern for the proper management and development of people and for the maintenance of a healthy, safe and stable work environment.

In addition, the communication between plants at different locations is enhanced by this organization and leads to improvements in quality, processes and cost.

During 1969, improvements in raw material yields and in processes, together with the higher level of output, enabled the average unit cost of production to be reduced thus minimizing the effect of lower average selling prices.

As mentioned earlier, environmental quality control is a major concern of Du Pont and the main responsibility for the maintenance of our policy rests with the Manufacturing Group.

The Company became involved in pollution control work early in its history and it has always been our policy that no new facility will be approved unless it meets or betters government standards for pollution abatement. We regard the most stringent pollution standards set by any jurisdiction in Canada as the minimum requirements against which our programs are measured.

Financial Review

Sales

Net sales for 1969 at $228,282,000 were 10% greater than the previous year with all major products contributing to the increase. Our growth in the fibres area was limited because of world over-capacity, lower priced imported fabrics and textile products, and strikes at customer plants. Growth in sales of other Company products, particularly cellulose film, polyolefin films and resins, explosives and petroleum chemicals was substantial. The overall effect of lower selling prices, although not as severe as in past years, continued to adversely affect sales revenues for fibre products, cellulose film and polyolefin resins.

Export sales showed a substantial improvement of 27% over 1968 with major gains in cellulose film, polyethylene resins, nylon textile yarn and nylon polymer.

Costs and Expenses

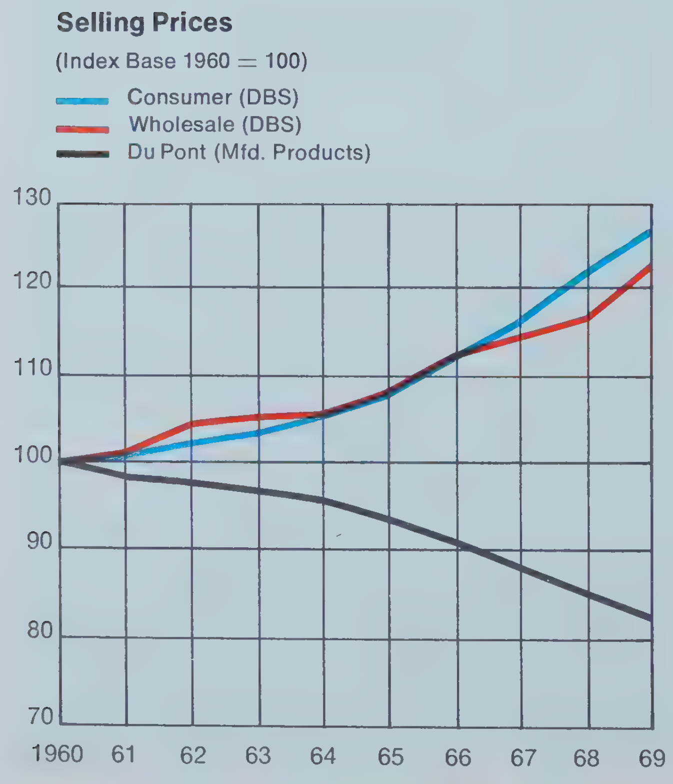
Lower plant costs were achieved through better yields from improved manufacturing processes, lower prices for raw materials and a higher volume of production. Selling and administrative costs increased mainly due to higher salary levels.

Depreciation is charged at relatively high rates during the early years of plant operation when the risk of obsolescence is greatest. This year's provision for depreciation was $15,403,000, an increase of $246,000 over 1968.

Financial Charges

Interest expense for 1969 of $1,315,000 exceeded last year by $152,000 due to the higher average level of borrowings outstanding and higher interest rates during the latter half of the year.

The Company continued its practice of providing for taxes on income based on the income recorded in the accounts. In 1969, the provision for taxes



on income is lower than the amount of taxes payable for the year and the difference of $1,201,000 has been charged against the Deferred Income Taxes Account.

Extraordinary Items

On 31st March 1969 the assets of Augusta Natural Gas Limited, a wholly-owned subsidiary, were sold resulting in a net gain of $2,785,000 which was included in net income for the year. These assets included the franchise to supply natural gas to the township of Augusta in which the Company's Maitland plant is located. The Company's future need for natural gas was protected by a long-term contract.

Earnings and Dividends

Net income from normal operations increased 8% over the previous year to $13,538,000 and was equivalent to $1.70 a common share, compared with $1.57 a common share in 1968. Total net income, including the net income from the extraordinary item noted above, was $16,323,000 in 1969 or $2.05 a common share.

Regular dividends were paid on the 7½% preferred stock and four quarterly distributions of 25 cents each were made on the common stock. The total distribution of $1.00 a common share remained unchanged from 1968.

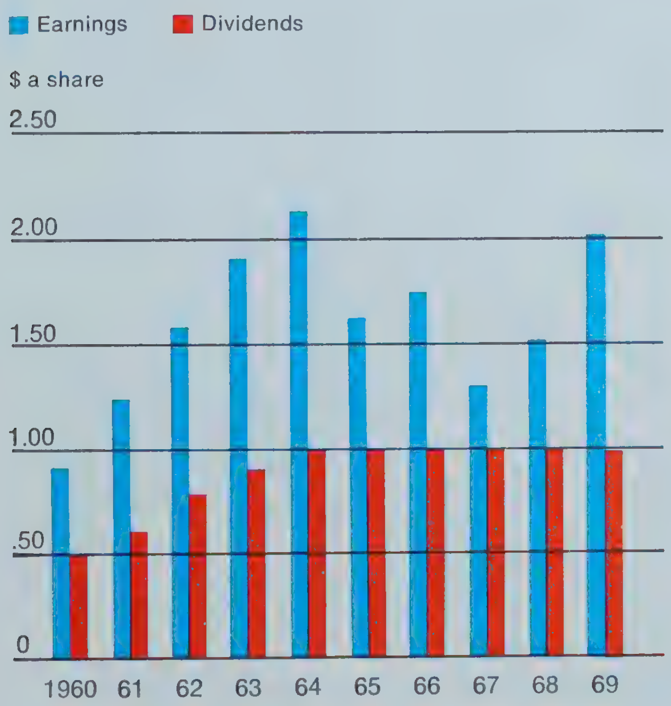
Working Capital

The Company's investment in net working capital excluding cash and short-term indebtedness at 31st December 1969 was $49,623,000, an increase of $20,495,000 over 1968. The increase resulted from higher inventories and export receivables and lower suppliers accounts and taxes payable.

Inventories as at 31st December 1969 and 1968 valued at the lower of cost and net realizable value were as follows:

	1969	1968
Finished goods and work in process	$24,964,000	$19,327,000
Raw materials and supplies	9,590,000	8,621,000
	$34,554,000	$27,948,000

Earnings and Dividends a Common Share



Investment and Return

Accounts receivable were higher due to the increased level of total sales and proportionately greater export sales which carry extended credit terms.

The speed-up in tax payments introduced by the federal and provincial governments early in 1969 resulted in the lower balance of taxes payable.

Plants, Property and Equipment

Expenditures on plants, property and equipment for 1969 amounted to $16,216,000, up 36% from last year. The major areas of activity were the expansion of existing facilities for nylon intermediates, nylon polymer and polyethylene resins. New facilities completed during 1969 included the Customer Technical Centre at Kingston and the FABRENE polyolefin material plant at North Bay.

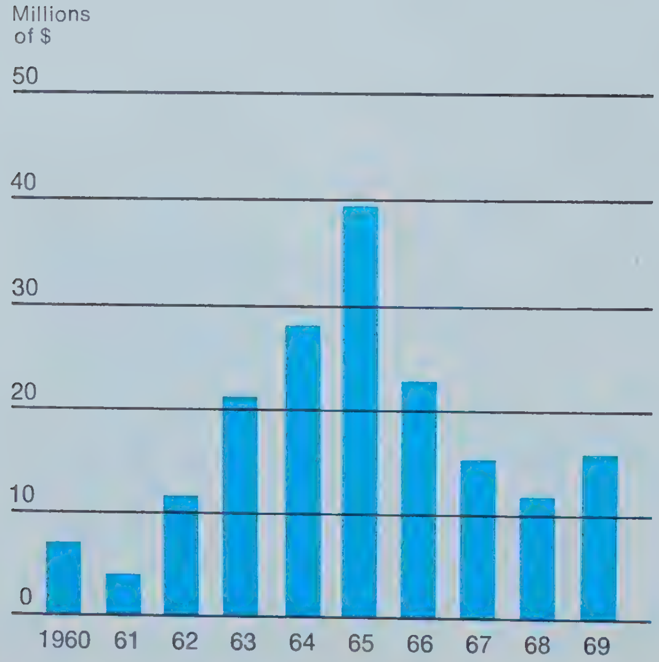
The total average operating investment rose 4% to $321,279,000 and the return on average operating investment was 5.3%.

Financing

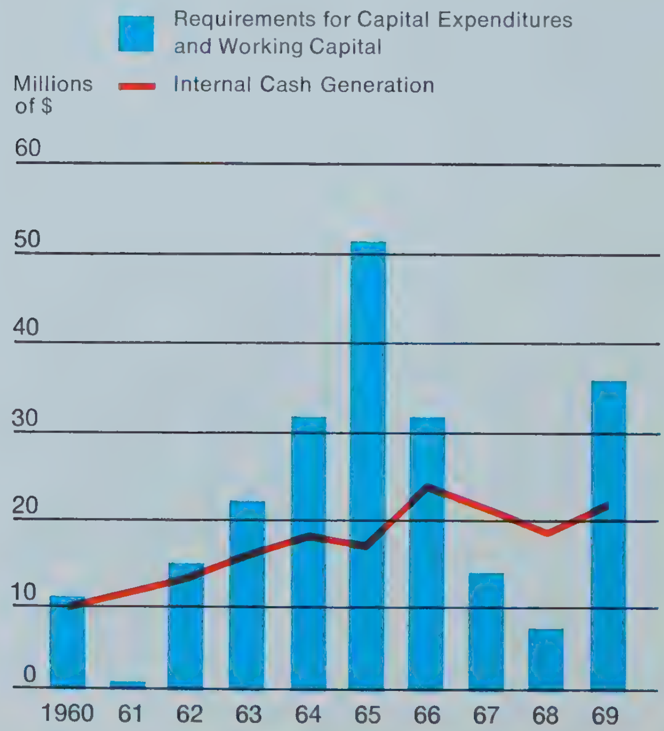
The Company's total short-term indebtedness at 31st December 1969 was $11,473,000 higher than at the beginning of the year. The sources and uses of funds in summary were:

	Millions
Sources	
Net income after dividends	$ 8.3
Provision for depreciation and amortization	15.6
Other — net	1.3
	25.2
Uses	
Construction expenditures	16.2
Increase in net working capital excluding cash and short-term indebtedness	20.5
	36.7
Increase in short-term indebtedness	$11.5

Construction Expenditures



Cash Requirements and Cash Generation



Financial Statements 1969

Statement of Consolidated Income

	Year ended 31st December	
	1969	1968
NET SALES	$228,282,000	$207,721,000
Other income	250,000	202,000
	228,532,000	207,923,000
LESS:		
Cost of goods sold and other charges except provision for depreciation and amortization, interest and taxes on income (Note 1)	184,999,000	167,270,000
Provision for depreciation and amortization	15,636,000	15,335,000
Interest on borrowed money:		
Current obligations	1,224,000	654,000
Notes maturing more than one year after issue	91,000	509,000
Taxes on income	13,044,000	11,602,000
	214,994,000	195,370,000
Income before extraordinary items	13,538,000	12,553,000
Extraordinary items (Note 2)	2,785,000	(491,000)
NET INCOME	$ 16,323,000	$ 12,062,000

Statement of Consolidated Retained Earnings

	1969	1968
BALANCE AT 1st JANUARY	$ 88,345,000	$ 84,343,000
Add: Net income	16,323,000	12,062,000
	104,668,000	96,405,000
Deduct:		
Dividends declared on —		
Preferred 7½ % cumulative stock	174,000	174,000
Common stock ($1.00 a share)	7,886,000	7,886,000
	8,060,000	8,060,000
BALANCE AT 31st DECEMBER	$ 96,608,000	$ 88,345,000

Consolidated Balance Sheet

Assets

	31st December 1969	31st December 1968
CURRENT ASSETS		
Cash	$ 2,919,000	$ 5,429,000
Accounts receivable	29,580,000	28,737,000
Inventories, valued at the lower of cost and net realizable value	34,554,000	27,948,000
Prepaid expenses	3,717,000	1,473,000
	70,770,000	63,587,000
PLANTS AND PROPERTIES AT COST	262,347,000	248,956,000
LESS: ACCUMULATED DEPRECIATION	133,936,000	121,148,000
	128,411,000	127,808,000
OTHER ASSETS		
Goodwill, patents and processes at cost less amounts amortized	4,660,000	4,005,000
Investments at cost	197,000	296,000
	4,857,000	4,301,000
	$204,038,000	$195,696,000

Signed on behalf of the Board:

E. H. Bleckwell
J. M. Breen } *Directors*

Liabilities

	Shares		31st December 1969	1968
CURRENT LIABILITIES				
Bank indebtedness			$ 24,423,000	$ 9,950,000
Notes payable other than to banks			—	3,000,000
Accounts payable and accrued liabilities			9,413,000	8,183,000
Accounts payable to E.I. du Pont de Nemours & Company			3,033,000	9,085,000
Taxes payable			3,767,000	9,748,000
Dividends payable			2,015,000	2,015,000
			42,651,000	41,981,000
PROVISION FOR BONUS AWARDS TO EMPLOYEES PAYABLE OVER FOUR YEARS			2,508,000	1,664,000
LESS: ADVANCES TO TRUSTEE (Note 3)			1,390,000	1,157,000
			1,118,000	507,000
DEFERRED INCOME TAXES			21,305,000	22,506,000
SHAREHOLDERS' EQUITY				
Capital Stock:				
Authorized	Shares			
Preferred 7½% cumulative stock (par value $50)	46,500			
Common stock (no par value)	13,500,000			
Issued and fully paid				
Preferred	46,500	$ 2,325,000		
Common	7,886,298	40,031,000		
Retained Earnings		96,608,000		
			138,964,000	130,702,000
			$204,038,000	$195,696,000

Statement of Consolidated Source and Use of Funds

	1969	1968
CASH AT 1st JANUARY	$ 5,429,000	$ 1,637,000
SOURCE OF FUNDS:		
From operations		
Net income	16,323,000	12,062,000
Provision for depreciation and amortization	15,636,000	15,335,000
Deferred income taxes	(1,201,000)	(654,000)
	30,758,000	26,743,000
Borrowings — current obligations	14,473,000	1,250,000
Disposal of fixed assets	209,000	476,000
Other — net	709,000	1,726,000
	46,149,000	30,195,000
USE OF FUNDS:		
Appropriated for dividends	8,060,000	8,060,000
Expended on plants and properties	16,216,000	11,967,000
Expended for goodwill, patents and processes	888,000	(100,000)
Repayment of borrowings — notes maturing more than one year after issue	3,000,000	8,378,000
Increase (decrease) in working capital excluding cash and outstanding short-term borrowings	20,495,000	(1,902,000)
	48,659,000	26,403,000
Increase (decrease) in cash	(2,510,000)	3,792,000
CASH AT 31st DECEMBER	$ 2,919,000	$ 5,429,000

Notes to Consolidated Financial Statements

1. Included in the charges against income is the total remuneration of directors and senior officers of $915,000 in 1969 ($818,000 in 1968) of which $492,000 ($526,000 in 1968) was paid or payable to directors including those who are officers.

2. In accordance with current accounting practice, extraordinary items have been included in the Statement of Consolidated Income (1968 figures are restated for comparative purposes). The extraordinary items are:

1969 — Gain on sale of assets of a subsidiary company, net of income taxes and other corporate charges.

1968 — Write-off of undepreciated cost of head office buildings demolished, net of income taxes.

3. In accordance with the Company policy to acquire common shares for sale to employees under terms of the Bonus Plan, the Company has entered into an agreement with a trustee under which funds are provided for this purpose. At 31st December 1969 there were 44,574 common shares so held (including shares held against awards to be made from the Bonus Fund for 1969) at an average value of $31 a share with a market price at that date of $24 a share.

4. As at 31st December 1969, there were outstanding scrip-units issued to employees under the Bonus Plan in respect of bonus instalments due on dates shown entitling them to purchase common shares of Du Pont of Canada Limited as follows:

Bonus instalments due	Total scrip-units outstanding	Scrip-units issued to senior officers including those who are directors	Purchase price per share
5th January 1970	3,422	856	$38.50
5th January 1970	2,486	742	22.00
5th January 1970	2,560	773	35.00
4th January 1971	2,486	742	22.00
4th January 1971	2,560	773	35.00
3rd January 1972	2,560	773	35.00

If any scrip-units are not exercised, the Salary and Bonus Committee establishes an alternative method of delivery for the corresponding bonus instalment. In 1969, deliveries equivalent to the value of scrip-units not exercised were made partly in cash and partly in shares.

5. Accounts receivable and accounts payable in foreign currencies have been converted at the rates of exchange prevailing at 31st December 1969.

6. At 31st December 1969, there remained $15,310,000 to be expended on authorized appropriations for plant construction.

Auditors' Report

The Shareholders,
Du Pont of Canada Limited.

We have examined the consolidated balance sheet of Du Pont of Canada Limited and its wholly owned subsidiaries as at 31st December 1969 and the statements of consolidated income, retained earnings and source and use of funds for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these consolidated financial statements present fairly the financial position of the companies as at 31st December 1969 and the results of their operations and the source and use of their funds for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Touche Ross & Co.
Chartered Accountants.

Montreal, Que.
17th February 1970.

A Ten-Year Comparison

	1969	1968	1967
OPERATING RESULTS			
Results a common share (1)			
Total earnings	**$2.05**	$1.51	$1.30
Cash flow from operations	**$3.88**	$3.37	$3.72
Dividends	**$1.00**	$1.00	$1.00
Sales and other income	**228,532**	207,923	183,185
Costs and expenses before depreciation and amortization, interest and taxes on income	**184,999**	167,270	147,645
Provision for depreciation and amortization	**15,636**	15,335	14,562
Interest on borrowed money	**1,315**	1,163	1,504
Taxes on income	**13,044**	11,602	9,049
Extraordinary items	**(2,785)**	491	—
Net income	**16,323**	12,062	10,425
OPERATING INVESTMENT			
Average operating investment (2)	**321,279**	307,869	290,922
Return on average operating investment (3)	**5.3%**	4.1%	3.8%
CONSTRUCTION EXPENDITURES	**16,216**	11,967	15,790
FINANCIAL POSITION			
Total current assets	**70,770**	63,587	52,779
Total current liabilities	**42,651**	41,981	37,190
Net working capital	**28,119**	21,606	15,589
Plants and properties at cost	**262,347**	248,956	241,922
Accumulated depreciation	**133,936**	121,148	109,465
Plants and properties — net	**128,411**	127,808	132,457
Other assets less other liabilities	**3,739**	3,794	2,307
Deferred income taxes	**21,305**	22,506	23,653
SHAREHOLDERS' EQUITY	**138,964**	130,702	126,700

(1) Based on number of shares outstanding at the end of each year.

(2) Operating investment comprises total assets exclusive of goodwill, patents and processes, and before deducting accumulated depreciation; the average is based on the investment at the beginning of each calendar month.

(3) Based on net income before interest payments.

(Amounts in thousands of dollars except where otherwise noted)

1966	1965	1964	1963	1962	1961	1960
$1.73	$1.57	$2.11	$1.89	$1.60	$1.20	$0.92
$4.08	$3.30	$3.59	$3.23	$2.62	$2.15	$1.88
$1.00	$1.00	$1.00	$0.90	$0.80	$0.60	$0.50
196,705	188,620	172,048	146,162	126,784	112,279	99,906
155,341	151,812	130,692	110,366	95,246	86,048	78,930
13,529	10,922	8,339	7,373	6,704	6,928	6,325
1,372	511	283	—	—	204	449
12,665	12,837	17,085	14,395	13,025	10,232	7,367
—	—	—	—	—	—	—
13,798	12,538	15,649	14,028	11,809	8,867	6,835
269,100	233.500	194,000	165,000	149,900	138,900	131,400
5.4%	5.5%	8.1%	8.5%	7.9%	6.5%	5.4%
22,565	39,650	28,300	21,095	11,299	3,585	6,591
51,991	45,483	40,403	31,624	34,330	27,269	22,046
42,542	26,322	37,151	19,515	19,165	15,161	18,539
9,449	19,161	3,252	12,109	15,165	12,108	3,507
229,800	209,820	172,218	145,030	124,988	114,561	111,723
98,428	87,492	77,779	70,524	64,155	58,233	51,945
131,372	122,328	94,439	74,506	60,833	56,328	59,778
2,615	(8,783)	(135)	(412)	(38)	511	992
19,100	14,108	11,338	8,783	6,350	5,550	5,520
124,336	118,598	86,218	77,420	69,610	63,397	58,757

Directory

FIBRES GROUP

Manufactured:

ANTRON nylon and continuous filament nylon yarns;
CANTRECE bicomponent nylon yarns; bulked continuous filament nylon yarns;
nylon staple and tow; nylon tire and industrial yarns;
ORLON acrylic staple and tow; LYCRA spandex fibre.

Resale:

*NOMEX high temperature resistant nylon fibre;
ORLON bicomponent acrylic fibre, staple and tow;
*DACRON polyester filament yarn, staple and fibrefill batting;
*TYPAR spunbonded carpet backing.

CHEMICALS GROUP

Manufactured:

Hexamethylene diamine, adipic and hydrochloric acids; nylon polymer;
FREON fluorocarbon refrigerants, aerosol propellants and solvents;
ALBONE hydrogen peroxide; antiknock compounds and other petroleum additives;
DULUX enamel; DUCO lacquer; LUCITE acrylic lacquer; TEFLON non-stick finishes;
DULITE fluoropolymer enamels; automotive lacquers and enamels;
protective coatings for industrial uses; undercoats, primers, thinners and putties;
dynamites; water-gel explosives; blasting agents, primers and
DRILINERS; industrial acids.

Resale:

EXPRILLS ammonium nitrate prills; blasting supplies and accessories;
flexible ventilation tubing.

PLASTICS AND FILMS GROUP

Manufactured:

CELLOPHANE cellulose film; SCLAIRFILM polyolefin film; industrial polyethylene films;
ionomer film from *SURLYN A resin; oriented polyolefin tape;
FABRENE polyolefin material; VEXAR plastic netting; nylon monofilament;
DURA-FLEX binders; SCLAIR polyolefin resins; ZYTEL nylon resins;
*ALDYL A polyethylene pipe for gas; SCLAIRPIPE polyolefin pipe.

Resale:

*MYLAR polyester film; *TEDLAR polyvinyl fluoride film; *TEFLON fluorinated hydrocarbon film; cellulose acetate film; *CLYSAR oriented polyethylene and polypropylene film; *KAPTON polyimide film; liquid packaging machines; DYMETROL nylon strapping; STREN nylon monofilament;
ALATHON polyethylene resins; ALATHON ethylene/vinyl acetate copolymer resins; *ALDYL A and B polyethylene pipe fittings; *BUTACITE polyvinyl butyral sheet; *CROFON light guides; *DELRIN acetal resins; *LUCITE acrylic resins and acrylic monomers; *SURLYN A ionomer resins; *TEFLON fluorocarbon resins, film and heat shrinkable tubing; Neoprene; *NORDEL, *HYPALON, *ADIPRENE and *VITON elastomers; *HYLENE organic isocyanates; rubber chemicals; white and coloured pigments; precious metal preparations; *ELVAX vinyl resins; *ELVANOL polyvinyl alcohols; industrial chemicals; dyes and auxiliary chemicals; *ZEPEL rain and stain repeller; seed treating and weed killing chemicals; insecticides and fungicides; nitrogen fertilizers; X-ray film; printing plates and photographic film for the printing industry; engineering reproduction film; *RISTON photopolymer resist film; *CORFAM poromeric products; *REEMAY spunbonded polyester; *TYVEK spunbonded olefin; Du Pont heat exchangers.

*Trade mark of E.I. du Pont de Nemours & Company

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Toronto-Dominion Centre

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Chinook Shopping Centre

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